



DEPARTMENT OF THE AIR FORCE

HEADQUARTERS UNITED STATES AIR FORCE ACADEMY
USAF ACADEMY, COLORADO

MEMORANDUM FOR DISTRIBUTION O

29 SEP 2004

FROM: HQ USAFA/FM
10 MSG/LGC

SUBJECT: Abuse of Funding Limitations on the Government Purchase Card (GPC)

1. Several GPC cardholders and approving officials have not followed the GPC regulations and instructions received during their initial GPC training. In accordance with AFI 64-117, paragraph 3.2.3, the budgetary limit is set using the Air Force Government Purchase Card Fund Cite Authorization Form, AF Form 4009. Approving officials must obtain a certified AF Form 4009 with adequate funding before the card may be used.

2. Prior to using the GPC, the AF Form 4009 will be prepared and approved by the unit through the Automated Business Services System (ABSS) and the availability of funds certified by the Financial Services Office (FSO). Overspending the amount of funds available on the AF Form 4009 constitutes a violation of GPC use and will result in the following notification procedures and suspension and/or termination actions as appropriate.

a. The FSO reconciles all managing accounts' spending at the end of each cycle against the funds available on the AF Forms 4009 for those accounts. The FSO will notify the appropriate organizational resource advisors upon discovering the funding deficiency. Additionally, the FSO will notify the approving officials (and courtesy copy the 10 MSG GPC Office) of the applicable managing accounts that they have exceeded funding limitations and are in violation of regulatory guidance. The notification will also inform approving officials they have 2 business days to refute the findings to the FSO before appropriate corrective action will be taken by 10 MSG/LGC on sustained findings.

b. Corrective actions for abuse of funding limitations will be as follows:

(1) The first violation will result in notification of the approving official's Commander or Staff Agency Chief by 10 MSG/LGC. Commanders should consider disciplinary action as appropriate. Commanders will also be notified that the GPC Agency/Organization Program Coordinator will suspend the applicable managing account(s) in 3 business days, and that the approving official will be required to attend a GPC refresher training class prior to reinstatement of the managing account. (Note: If the approving official determines that the overspending occurred as a result of irresponsible purchasing by a particular cardholder, then that cardholder may be subject to the same corrective actions as the approving official).

(2) A second violation will result in termination of the approving official's responsibilities and suspension of the managing account until a new approving official is trained



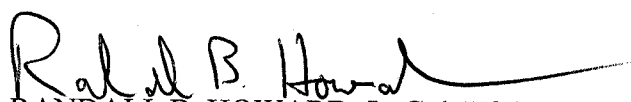
Commitment To Excellence


(2) A second violation will result in termination of the approving official's responsibilities and suspension of the managing account until a new approving official is trained and appointed. Any applicable cardholder and their account(s) may also be terminated. These termination actions will be completed by 10 MSG/LGC based on information received from HQ USAFA/FMF. Suspension of the managing account for this period could have a significant impact on your unit's ability to meet mission requirements.

3. Strong oversight by approving officials, and implementation of good tracking mechanisms for cardholder purchases, is the best way to avoid any of the above actions. Attachment 1 provides helpful information on the Financial Management of the GPC and some suggestions for approving officials to monitor/control the spending of their cardholders.

4. Commanders and Staff Agency Chiefs must ensure their appointed GPC approving officials act responsibly in establishing adequate internal monitoring and control mechanisms to prevent the funding limits on their AF Forms 4009 from being exceeded.

5. Any questions or concerns regarding corrective actions and refresher training should be directed to 10 MSG/LGC at 333-4683. Questions on funding issues or Financial Management concerns should be directed to HQ USAFA/FMFL at 333-3806. This letter supersedes our 2 August 2004 letter, same subject.


RANDALL B. HOWARD, Lt Col, USAF
Director of Financial Management
and Comptroller


DOUGLAS G. JONES, GS-14, DAFC
Chief, 10th Contracting Division

Attachment:
Financial Management of the Government Purchase Card

Attachment 1

FINANCIAL MANAGEMENT OF THE GOVERNMENT PURCHASE CARD (GPC)

A common misconception is issuance of a GPC gives the cardholder blanket authority to purchase an item or service deemed necessary. In fact, use of the GPC is strictly controlled, both *in dollar limitations* and as to what may be purchased.

Cardholders and approving officials often neglect the daily "maintenance" functions. The importance of maintaining accurate and current records and logs cannot be overemphasized. Before a cardholder may use the GPC, funds must be loaded in the financial accounting system by the Resource Advisor (RA) using an AF Form 4009 processed through the Automated Business Services System (ABSS). Cardholders cannot spend money until the funds are available in the financial accounting system!

The following are helpful hints on staying within the dollar limitations in the financial accounting system.

- Maintaining manual or automated logs are absolutely necessary. Do not rely on the US Bank CARE system quarterly or yearly limit totals for accuracy. Totals frequently include prior Fiscal Year (FY) charges or do not include charges that have not yet posted.
- Approving Officials (AO) should restrict each of their cardholders to a specific amount they may spend. For example, the RA processes a \$20K increase on AF Form 4009 for the GPC Approving Official (AO) to allow their cardholders to spend. The AO divides this amount manually as desired to each of the cardholders under their control. If the AO has two cardholders they may decide to split and direct each cardholder to only spend \$10K. Each cardholder would keep a manual spreadsheet, just like a checkbook. The beginning balance would be \$10K and they subtract each charge from this amount and keep a running total. The cardholder must stop charging before the \$10K is exhausted. The RA must complete an increase to the AF Form 4009 before the cardholder can continue charging unless the other cardholder has an available balance. However, the AO must reduce and increase cardholder limits accordingly so neither of the cardholders overspend.
- Communication between the RA, AO and cardholder for increases and decreases to the AF Form 4009 is critical for staying within the dollar limitations.
- The AO should require their cardholders to provide the AO the log of their purchases each month for reconciliation purposes. The cardholder also annotates all charges in the "Transaction Log" in the US Bank CARE system. The AO must approve all cardholder charges in CARE. Ideally, the AO should be approving all expenditures before the charge is made by the cardholder.

- GPC rebates periodically post to the cardholder's account which reduce the total charge for that month. Adjust manual spreadsheet to reflect the decrease in GPC charges for that month (increases spending capability of cardholder).
- A CARE credit balance refund check is also periodically received by 10 MSG/LGC from US Bank and is forwarded to HQ USAFA/FMF for collection. In these situations the funds are returned to the applicable cost center and do not affect the CARE bill or the AF Form 4009. Do not adjust spreadsheet as these credit refunds are returned directly to the organization cost center code.
- At the beginning of each FY some billings may contain prior FY charges, e.g. DAPS. When the RA processes an SF 1081 to move the charge to the prior FY it does not change the available amount on the AF Form 4009. The entire amount of the monthly billing, regardless of when the charge was placed, decreases the available balance on the AF Form 4009. Consider processing an increase to the AF Form 4009 for the amount of the prior year charges or ensure your cardholders realize the reduced amount available to charge.
- The CARE system has a 13th billing cycle for all charges posted from 25 Sep – 2 Oct. This 13th cycle is paid from prior year funds established on a separate Miscellaneous Obligation Reimbursable Document (MORD) and does not reduce the AF Form 4009 established for the new FY. If there are any current year charges in this cycle the RA should process an SF 1081 to move the charges to the current FY.